

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR
STATE OF MONTANA**

IN THE MATTER OF:

KELLY JOHN NELSON, a broker-
dealer salesperson and investment advisor
representative, CRD #2658671

Respondent.

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Case No: SEC-2012-164

**CONSENT AGREEMENT AND
FINAL ORDER**

This Consent Agreement and Final Order is entered into by the Office of the
Commissioner of Securities and Insurance, Montana State Auditor (CSI), acting pursuant to the
authority of Mont. Code Ann. § 30-10-101, et seq., and Kelly John Nelson (Respondent).

RECITALS

WHEREAS, the CSI received two complaints from V.D. and M.E. alleging unauthorized
trading by the Respondent, who served as the complainants' broker-dealer salesperson;

WHEREAS, the CSI conducted an investigation into the Respondent's trading in the
complainants' accounts;

WHEREAS, based on the CSI's investigation, the CSI alleges that the Respondent violated Mont. Code Ann. § 30-10-201(13)(g) of the Securities Act of Montana (Act) relative to the trading conducted in the complainants' accounts; and

WHEREAS, in consideration of the following mutual undertakings, the CSI and Respondent enter into the following:

STIPULATIONS AND CONSENTS

Without admitting or denying any of the CSI's allegations, the Respondent stipulates and agrees to the following:

1. On or before December 31, 2012, the Respondent shall pay a fine of \$25,000 to the CSI. The fine must be made payable to the State of Montana and sent to the CSI, ATTN: Jesse Laslovich, 840 Helena Avenue, Helena, Montana 59601.

2. On or before December 31, 2012, the Respondent shall pay restitution of \$62,145.97 to V.D., one of the complainants. The restitution must be made payable to V.D. and sent to the CSI, ATTN: Jesse Laslovich, 840 Helena Avenue, Helena, Montana 59601.

3. The Respondent will be subjected to heightened supervision by First Financial Equity Corporation until July 31, 2014, unless extended by the CSI. To the extent the Respondent affiliates with a different broker-dealer, he must be subjected to heightened supervision by such broker-dealer and the terms of the heightened supervision must be approved by the CSI. If, at any time, First Financial Equity Corporation or any prospective broker-dealer refuses to continue to follow the heightened supervisory procedures required by the CSI, then the Respondent's broker-dealer salesperson license will be revoked unless otherwise agreed to with the CSI.

4. Within two years of the date of this Agreement and unless extended by the CSI, the Respondent shall, upon request by the CSI, provide a copy of his transaction log evidencing authorization by his customers to execute trades in their retail accounts.

5. Upon execution of the Final Order, the CSI will terminate the Respondent's Conditional Approval and approve the Respondent's pending Form U-4 applications to register as a salesperson and investment advisor representative with First Financial Equity Corporation on the Financial Industry Regulatory Authority's Central Registration Depository.

6. Respondent acknowledges that he has read and understands each term of this Consent Agreement and that he enters into this Consent Agreement voluntarily and without reservation.

7. Respondent and the CSI agree that this Consent Agreement resolves the alleged violations set forth in the Recitals.

8. Respondent and the CSI hereby acknowledge and agree that this Consent Agreement constitutes the entire agreement between the parties and that no other promises or agreements, either express or implied, have been made by the CSI or by any member, officer, agent, or representative of the CSI to induce Respondent to enter into this Consent Agreement.

9. With respect to the Recitals, Respondent specifically and affirmatively waives a contested case hearing and his right to appeal under the Montana Administrative Procedures Act, including Title 2, chapter 4, part 7, and elects to resolve this matter on the terms and conditions set forth therein.

10. The CSI warrants and represents that it does not now have any intent to bring any further action against the Respondent based upon the conduct alleged in the Recitals.

11. Respondent fully and forever releases and discharges the CSI, and all CSI employees and agents from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals.

12. This Agreement is entered without adjudication of any issue, law or fact. It is entered solely for the purpose of resolving the CSI's investigation and allegations, and is not intended to be used for any other purpose.

13. The parties acknowledge and agree that this Consent Agreement may not be modified orally, and any subsequent modifications to this Consent Agreement must be mutually agreed upon in writing with the same formality of this Consent Agreement to be effective.

14. The parties agree that this Consent Agreement shall be incorporated into and made part of the attached Final Order issued by the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner) herein.

15. Respondent further understands that, upon the signing of the Final Order by the Commissioner or her representative, this Consent Agreement and Final Order will be an order of the CSI, the CSI has jurisdiction over the enforcement of the Order, and failure to comply with it may constitute separate violations of the Code, as provided in Mont. Code Ann. § 30-10-308, and may result in subsequent legal action by the CSI.

16. Upon execution of this Consent Agreement and payment pursuant to ¶¶ 1-2, the CSI shall fully and forever release and discharge Respondent from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Recitals and will not commence

any further administrative, civil, or other legal action based upon the regulatory non-compliance alleged in the Recitals.

17. This Consent Agreement shall be effective upon signing of the Final Order.

18. Respondents acknowledge that this Consent Order and Final Order are public records under Montana law and as such may not be sealed or otherwise withheld from the public.

DATED this 31st day of October, 2012.



JESSE LASLOVICH
Chief Legal Counsel for the CSI

DATED this 26 day of October, 2012.

KELLY JOHN NELSON



Respondent

Approved as to Legal Content:



Lawrence B. Cozzens, Esq.
Counsel for Respondent

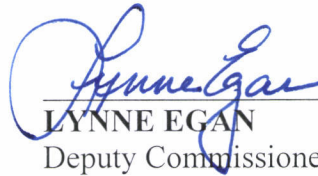
FINAL ORDER

Pursuant to the authority vested by Mont. Code Ann. § 2-4-603 and §§ 30-10-101, MCA, et seq., and upon further review of the foregoing Consent Agreement and good cause appearing,

IT IS ORDERED that the foregoing Consent Agreement between the CSI and Respondent Kelly John Nelson is hereby adopted as if set forth fully herein.

DATED this 31st day of October, 2012.

MONICA J. LINDEEN
Commissioner of Securities and
Insurance, Montana State Auditor



LYNNE EGAN
Deputy Commissioner of Securities

cc: Jesse Laslovich, CSI
Lawrence B. Cozzens, Esq., Counsel for Respondent